



Comptroller General  
of the United States

Washington, D.C. 20548

REDACTED VERSION

## Decision

**Matter of:** Parsons Environmental Hanford, Inc.; Waste Management Environmental Services, Inc.

**File:** B-252070.6; B-252070.7

**Date:** October 12, 1993

Kathleen Little, Esq., and Nancy Boughton, Esq., Howrey & Simon, for Parsons Environmental Hanford, Inc.; Kenneth Weckstein, Esq., and Raymond Fioravanti, Esq., Epstein, Becker & Green, for Waste Management Environmental Services, Inc., the protesters.  
Ronald Schecter, Esq., and J. Robert Humphries, Esq., Arnold & Porter, for Bechtel Hanford, Inc., an interested party.  
Ronald E. Cone, Department of Energy, for the agency.  
David A. Ashen, Esq., and John M. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

### DIGEST

1. Protest against agency cost evaluation is sustained where agency accepts proposed costs without adjusting for differing approaches to identifying evaluated management and support effort, which resulted in the awardee assigning significant costs to the unevaluated environmental restoration effort which cost were based on projected funding availability, not actual costs; since the government generally is bound to pay the contractor its actual and allowable costs, regardless of the costs proposed, a cost-realmism analysis must be performed on proposals for a cost-reimbursement contract to determine the extent to which an offeror's proposed costs represent what the contract should cost, assuming reasonable economy and efficiency.

2. Protest that discussions were inadequate is denied where agency's question to protester during discussions was reasonably calculated to lead generally into the area of its proposal requiring amplification.

The version dated October 12, 1993, contained confidential source selection sensitive information and was subject to a General Accounting Office protective order. This version of the decision has been redacted. Deletions in text are indicated by "[deleted]."

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## DECISION

Parsons Environmental Hanford, Inc. and Waste Management Environmental Services, Inc. (WMES) protest the Department of Energy's (DOE) award of a contract to Bechtel Hanford, Inc., under request for proposals (RFP) No. DE-RP06-92RL-12367, to act as the Environmental Restoration Management Contractor (ERMC) at DOE's Hanford Site. Parsons and WMES challenge DOE's evaluation of technical and price proposals. In addition, WMES argues that DOE failed to engage in meaningful discussions concerning perceived deficiencies in its proposal.

We sustain Parsons' protest and deny WMES's.

## BACKGROUND

The ERMC solicitation contemplated award of a cost-plus-award-fee contract for a contract period of up to 8 1/3 years--including a 4-month transition, 5-year base period and 3-year option--to provide technical and management staff to plan, procure, manage and integrate the activities required--including characterization, remediation, decontamination and decommissioning of waste sites and facilities--to accomplish the environmental remediation of the Hanford Site. Although the specifications provided for the ERMC to furnish management and support services and possess the in-house capability to conduct the majority of remedial investigations and feasibility studies necessary to define and quantify the nature and extent of contamination, the ERMC was not itself expected to perform the actual remediation work. Rather, the specifications provided for the ERMC to subcontract remedial design, decommissioning, decontamination, construction, transportation, and other remedial and corrective services.

The solicitation provided for evaluation of proposals based on technical/business management and cost factors. The technical/business management factor encompassed four evaluation criteria, including (1) personnel and organization (for which a maximum of 2,400 of 6,000 total technical/business management evaluation points were available), which was stated to be significantly more important than (2) experience of the firm and (3) program management, which were stated to be of equal importance (1,500 points each); and (4) corporate commitment, which was stated to be less important than firm experience and program management (600 points). The solicitation stated that cost would be less important in the evaluation than the technical/business management factor. The RFP provided for evaluation of proposed costs to establish reasonableness and appropriateness of cost, "[e]valuated probable cost to the [g]overn-

ment, offeror's understanding of the work and offeror's financial capability to perform.

The solicitation limited the cost data required to be supplied by offerors. With respect to the base contract period, it instructed offerors that proposals:

"[s]hould only reflect estimated costs to be incurred for administration, program management, project control, quality assurance, safety and health, procurement, and other support functions. Such costs related to [remedial investigations/feasibility studies] work performed by the offeror should be excluded and segregated to the extent practical. Direct labor and associated costs should be submitted for all proposed key, management and other personnel anticipated for project management and support functions. Estimated costs for any force account, craft labor or subcontract effort to perform environmental restoration activities are not required. Estimated costs for actual environmental restoration activities such as assessment, remediation, decontamination, monitoring, etc. are provided in [attachment No.] 2."

Offerors were instructed to base their estimate of management and support costs in the 5-year base period upon the third of three possible funding scenarios (providing for \$723,315,200) for environmental restoration activities set forth in attachment No. 2 to the RFP. With respect to the 3-year option period, however, the solicitation did not furnish a figure for the expected budget for environmental restoration work; instead, offerors were instructed to estimate the level of environmental restoration activities during the option period, which would form the basis for calculating the necessary management and support costs, by "using an escalation factor of ten (10) percent per year applied to the fiscal year 1998 cost breakdown" (in the case 3 funding scenario).

Five offerors submitted proposals in response to the solicitation; three, including Bechtel, Parsons and WMES, were included in the competitive range and after discussions were requested to submit best and final offers (BAFO).

Based upon its evaluation of BAFCs, DOE rated Bechtel's proposal highest; scoring for the technical/business management proposals was as follows:

	<u>Bechtel</u>	<u>Parsons</u>	<u>WMES</u>
Personnel/ Organization	2,300	2,060	1,800
Experience of Firm	1,500	1,500	1,285
Program Management	1,420	1,396	1,256
Corporate Commitment	516	516	596
<b>Total</b>	<hr/>	<hr/>	<hr/>
Technical/ Business	5,736	5,472	4,937

DOE's Source Evaluation Board (SEB) found the Bechtel and Parsons proposals "equal" with respect to relevant past and comparable firm experience and "basically equal" with respect to program management; it also assigned them equal scores under the evaluation criterion for corporate commitment. However, the SEB rated Parsons' proposal "significantly lower" than Bechtel's under the criterion for proposed personnel and organization, primarily because of Parsons' lower score with respect to key people (which accounted for 200 of the 264-point difference in total technical/business management scores). While Bechtel was evaluated as proposing an "extremely strong top management," the SEB concluded that Parsons' top management "did not demonstrate very strong leadership qualities"; 10 of Bechtel's top 14 proposed managers (including its president) were rated as outstanding and 4 as good, while only 8 of Parsons' proposed top 14 managers were rated as outstanding, 5 as good, and its president as only satisfactory. Transcript (Tr.) at 753-755.

WMES' proposal was rated significantly lower than Bechtel's and Parsons' proposals under three of the four technical/business management subcriteria--personnel/organization, firm experience and program management. With respect to personnel/organization, which accounted for 500 of the 799-point difference in scores relative to Bechtel, the SEB found that WMES' proposed managers possessed less relevant experience with the governing environmental statutes and regulations than did Bechtel's and Parsons' managers and that WMES had proposed the most complex organization of the three, with an "excessive number of organizations whose interactions would be necessary for the performance of work." Likewise, the SEB found WMES' approach to program management to be weaker; in contrast to Bechtel and Parsons, which both proposed "a dedicated project team concept

applied directly to key work areas," WMES' proposed matrix management approach was viewed as involving a very large number of organizations and the diffused assignment of responsibility for accomplishing work in key areas. In addition, the SEB concluded that WMES' proposed approach (and initiatives) failed to fully take into account the status (and demands on resources) of the current program at Hanford. The SEB also rated WMES lower under the past experience criterion because of its perceived limited DOE environmental restoration experience on large contiguous sites (similar to Hanford) and its limited experience in handling mixed wastes (similar to those found at Hanford).

The SEB generally found the offerors' proposed costs and fees, as set forth below, to be reasonable and appropriate.

	<u>Bechtel</u>	<u>Parsons</u>	<u>WMES</u>
<u>Transition</u>	\$ 4,280,536	\$ 3,868,093	\$ 4,330,700
<u>Base</u>			
--Management	56,111,140	58,875,211	66,309,814
--Restoration	723,315,000	723,315,000	723,315,000
--Fee	77,938,787	71,500,000	58,382,000
----Total	\$ 857,364,927	\$ 853,690,211	\$ 848,006,814
Base			
<u>Option</u>			
--Management	\$ 38,611,834	\$ 42,430,208	\$ 45,477,283
--Restoration	646,605,191	601,478,000	590,822,000
--Fee	68,518,971	58,900,000	47,048,000
----Total	\$ 753,735,996	\$ 702,808,208	\$ 683,347,283
Option			
<u>Total Contract</u>	<u>\$1,611,381,459</u>	<u>\$1,560,366,512</u>	<u>\$1,535,684,797</u>

Nevertheless, the SEB determined that the proposals were not comparable in this area, concluding that "the proposed costs fairly represented the probable cost to the [g]overnment for the ERM management and support, subject to variances in assumptions." [Emphasis added.] Specifically, the SEB noted that its financial adviser had discovered certain significant differences between the proposals which, according to the adviser, reflect the "unique approach to the ERM effort" proposed by each offeror and "distort any comparison of a bottom line amount." For example, the financial adviser noted that while Parsons' costs were based on proposing 2,292,908 productive labor hours, WMES' proposal was based on only 1,715,189 hours and Bechtel's on only 1,533,940 hours. (The financial adviser also noted that while application of the solicitation instructions for

The SEB's financial adviser also noted that the proposed average hourly labor rates and fringe benefits differed significantly. Thus, Bechtel's hourly rate of [deleted] [deleted] Parsons' [deleted] and WMES' [deleted], while Parsons' and WMES' allocation for fringe benefits apparently [deleted] Bechtel's.

calculating environmental restoration work in the option years should have resulted in an estimate of \$557.3 million, offerors instead had arrived at different results, ranging from Bechtel's assumption of a \$646,605,191 budget, to Parsons' \$601,478,000 and WMES' \$590,822,000. Based on its evaluation of proposals, including proposed staffing, the SEB concluded that the cost differences, particularly in direct labor costs and staffing, could be "directly attributed to differences in (i) staff experience (e.g., outstanding ratings for strong personnel), (ii) in organizational structure (flat versus complex), and (iii) the use of subcontracts." According to testimony given at the hearing our Office held on these protests, the SEB specifically found that the staffing plan of each offeror was reasonable for the management and support approach proposed. TR at 204, 214-231, 433-446, 536-537, 713. The SEB, however, further determined that:

"[d]ifferences in each offeror's assumptions result in a lack of comparability between each offeror's total costs for the ERMC management/support. This has occurred primarily because the SEB and offerors are unable to accurately segregate subcontract costs into the summary work categories of [environmental restoration] activity or management/support."

Nevertheless, the SEB ultimately concluded that while there was a "definitional problem in this area," the number of personnel at issue was probably no more than 10 and certainly was "relatively insignificant." Tr. at 542, 552, 554, 716.

In his contemporaneous source selection decision, the source selection official (SSO) stated that he was selecting Bechtel for award based on its outstanding top management team and the strong personnel throughout its organization, and based on his further view that Bechtel's flat organizational structure would contribute to the efficient performance of the statement of work. Although the decision memorandum indicated with respect to cost only that the proposed costs and fee were considered acceptable, subsequently, in response to Parsons' and WMES' protests, the SSO explained that he had also considered the materiality and relative significance of the difference in costs. He indicated that given the "relatively small magnitude" of the cost differences "[w]hen considered as part of the total contract costs"--3 1/2 percent between Bechtel and Parsons and 5 percent between Bechtel and WMES--he had concluded that the differences "would not be sufficient to affect my determination that Bechtel's technical and business management superiority was more important."

## PARSONS PROTEST

Parsons contends that the cost evaluation was improper because DOE failed to estimate a probable cost for each offeror's performance of the entire ERM contract, including the environmental restoration work, based on the firm's particular proposed approach. Parsons further contends that, even with respect to the management and support portion of the contract, DOE's most probable cost analysis was incomplete because the agency failed to reconcile (1) the overall significant differences in proposed productive labor hours between Bechtel (1,533,940 hours), WMES (1,715,189 hours) and Parsons (2,292,908 hours), and (2) the differing approaches of the firms to segregating the management and support effort (which offerors were required to cost based upon their own estimates of the necessary effort) from the environmental restoration effort, for which a budget estimate was furnished in the solicitation. The protester specifically challenges the SEB's ultimate conclusion that any difference in proposed personnel was "relatively insignificant," amounting to probably no more than 10 persons.

When agencies evaluate proposals for the award of a cost-reimbursement contract, an offeror's proposed estimated costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. Federal Acquisition Regulation § 15.605(d). Consequently, a cost realism analysis must be performed by the agency to determine the extent to which an offeror's proposed costs represent what the contract should cost, assuming reasonable economy and efficiency. CACI, Inc.-Fed., 64 Comp. Gen. 71 (1984), 84-2 CPD ¶ 542. The contracting agency is in the best position to make this cost realism determination, and our review of an agency's exercise of judgment in this area therefore is limited to determining whether the agency's cost evaluation was reasonable. General Research Corp., 70 Comp. Gen. 279 (1991), 91-1 CPD ¶ 183, aff'd, American Mgmt. Sys., Inc.; Department of the Army--Recon., 70 Comp. Gen. 510 (1991), 91-1 CPD ¶ 492; Grey Advertising, Inc., 55 Comp. Gen. 1111 (1976), 76-1 CPD ¶ 325.

The SSO and the chairman of the SEB testified that given the differing approaches of the offerors, the choice of contractor would have a significant impact upon the total cost of performing the contract work, including the environmental restoration work. Tr. at 720-721, 777, 780, 786-787. According to the SSO, it was his expectation that the firm with the strongest qualifications and team, which he determined was Bechtel, would achieve the lowest cost of performance. Tr. at 780, 787-789. Nevertheless, the SSO testified that "it was not possible to estimate the impact

on actual cost of performance" of the overall contract based on the choice of contractor because the offerors did not furnish detailed cost or pricing data concerning the environmental restoration work itself, but instead (pursuant to the solicitation instructions) used the agency estimate for such work. Tr. at 777, 789.

We have no basis to object to DOE's failure to evaluate the probable cost of each offeror's approach to performing the environmental restoration work. Consistent with the general requirement to evaluate the realism of proposed costs, the solicitation provided that the cost data supplied by offerors would be evaluated to establish the "[e]valuated probable cost to the [g]overnment." However, the solicitation also requested submission of cost and pricing data only for the management and support costs; it specifically advised offerors that estimated costs for environmental restoration activities were not required and that they instead should use the budget estimate for this effort which was included in the solicitation. We think it was clear from the RFP terms that the agency did not intend to evaluate the cost of the environmental restoration work, but would only evaluate the most probable cost of the remaining elements of the contract. If Parsons believed that DOE should also evaluate the most probable cost of each offeror's approach to performing the environmental restoration work, they were required to protest the agency's intention, which was apparent on the face of the solicitation, prior to the closing date for receipt of proposals. See 4 C.F.R. § 21 (a)(1) (1993); Holmes & Narver, Inc., B-239469.2; B-239469.3, Sept. 14, 1990, 90-2 CPD ¶ 210.

On the other hand, as indicated above, Parsons could reasonably expect from the terms of the solicitation (and from the general requirement for a cost realism evaluation) that DOE would evaluate the most probable cost of performing the contract other than the direct cost of the environmental restoration work itself. We agree with the protester that the agency's evaluation did not satisfy this requirement. Although the SSO testified that he determined that the respective proposed management and support costs of each offeror were in fact the probable cost of accepting each proposal, the record does not support the SSO's determination. Tr. at 771, 773-774. DOE's cost evaluation did not adequately reconcile the significant discrepancies in the segregation of the evaluated management and support costs from the effectively unevaluated environmental restoration costs (which led to the exclusion from the evaluation of Bechtel's proposal of certain costs which were defined by the solicitation as management and support costs), in each offeror's overall levels of evaluated management and support effort, and in the calculation of fees. As a result, the



relative cost of Bechtel's management and support effort was significantly understated.

Again, the SEB and its financial adviser concluded that differences in each offeror's assumptions, including, primarily, their segregation of the evaluated management and support costs from the effectively unevaluated environmental restoration costs, resulted in "a lack of comparability" between offerors' estimates of management and support costs. As noted by Parsons, the financial adviser had found that:

"to establish comparability some portion of Bechtel's sub[contract] costs should be reclassified as management and support. Conversely, some portion of Parsons and W-M [WMES] should be reclassified as [environmental restoration] activity cost. We are unable, however, to clearly define what is management and support. Therefore, we cannot effectively classify the proposed subcontract costs as either [environmental restoration] activity or management/support."

Although a precise segregation of management and support from environmental restoration activity may have been unobtainable based on the cost information available, our review of the record shows that at the very least, the agency was aware that there was a significant discrepancy in offerors' approaches and that the relative probable cost of Bechtel's proposal was likely to significantly exceed its proposed cost. Under paragraph C-2 of the specifications, quality assurance and industrial and radiological and health programs were included in the overall management support function to be provided by the ERM. Tr. at 537-538, 601-602. Likewise, the RFP's instructions for the preparation of proposals advised offerors that proposals "should reflect only estimated costs to be incurred for administration, program management, project control, quality assurance, safety and health, procurement, and other support functions." (Emphasis added.) Parsons included the cost of approximately 40 non-secretarial, non-clerical quality assurance and environmental safety and health positions in its initial evaluated management and support effort, increasing to a total of 45 positions in future contract years. (Likewise, WMES apparently included 26 positions initially, increasing subsequently to approximately 36 positions.)<sup>2</sup> In contrast, Bechtel only included 11 quality

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<sup>2</sup>Although WMES' proposal stated only that 29 positions initially, and 39 ultimately, were allocated to quality assurance and environmental safety and health, WMES has advised our Office that 4 of these positions were allocated to secretarial or clerical persons.

assurance and environmental safety and health positions within its evaluated management and support function.

Of course, offerors are generally free to propose different approaches to performing the same work. In this regard, the financial adviser noted that while Parsons and WMES proposed independent quality assurance oversight units (with 20 and 9 to 12 positions respectively), Bechtel, which proposed only 6 quality assurance positions, instead emphasized the responsibility of its managers for quality assurance. Tr. at 536-538. In fact, however, the record shows that Bechtel included in its unevaluated environmental restoration effort positions in the areas of quality assurance and environmental safety and health that the solicitation included in the overall management and support effort. Bechtel's proposal manager testified that additional quality assurance personnel were included in its dedicated project teams. Tr. at 800. Further, according to Bechtel's proposal manager, it has been Bechtel's practice that only "a certain fraction of the quality assurance people and the health and safety people" charge to the overall management account; the remainder charge to the "task account, actually to dedicated project teams." Tr. at 801-802. Likewise, members of the SEB, including its chairman, testified that they understood that Bechtel had included quality assurance and environmental safety and health personnel as part of its environmental restoration effort. Tr. at 437-438, 441-442, 447-451, 688-690. Indeed, they testified that it was within the discretion of offerors to decide whether such personnel are included in the management and support effort or the environmental restoration effort. Tr. at 450-451, 710. In other words, in addition to the quality assurance and environmental safety and health positions which were included in Bechtel's management and support portion of its proposal, and therefore were considered in the cost evaluation, additional positions were excluded by Bechtel from the cost evaluation because they were considered part of the environmental restoration effort for which DOE had specified a fixed budget.

As noted by the SEB's financial adviser, in order to establish a comparable basis for comparison of Bechtel's proposal with those of Parsons and WMES, some of Bechtel's environmental restoration effort should be reclassified as management and support activity and therefore included in the cost comparison (and likewise, some of Parsons' and WMES' management and support effort should be reclassified as environmental restoration and therefore excluded from the cost comparison). The magnitude of the adjustment required is indicated by the 29-position initial, and 34-position ultimate, difference in the quality assurance and environmental safety and health staffing included in Bechtel's and Parson's evaluated management and support efforts. The

magnitude of the required adjustment is further suggested by Parsons' proposal of 758,968, or 49.5 percent, more productive labor hours than Bechtel; Parsons' additional effort amounts to approximately 49 additional man-years per year. Although the precise adjustment required in this area to assure comparison on a comparable basis is uncertain, we note that Parsons, based on Bechtel's labor rates, estimates the cost of increasing the number of quality assurance and environmental safety and health positions in Bechtel's evaluated management and support effort to the number proposed by Parsons as \$12,686,251.

In addition to the cost adjustment required to account for the differing approaches to segregating the evaluated management and support effort from the unevaluated environmental restoration effort, the SEB's financial adviser noted a discrepancy among the offerors in the treatment of fees. Parsons (and WMES) proposed to allocate part of its proposed fees to its subcontractors such that no additional fees would be paid for by Parsons (or WMES) and reimbursed by DOE. In contrast, Bechtel did not propose to share its proposed fee with its subcontractors; rather, it would pay them an additional fee, which in turn would be reimbursed by DOE. The financial adviser initially estimated that the additional cost to the government of reimbursing Bechtel for the fees paid to its subcontractors would add \$18 million to \$19 million to its proposed cost, although after discussing the question with the SEB, he revised this estimate downward to \$14 million over the 5-year base period. Tr. at 579-581. (Although there does not appear to be a government estimate in this regard, Parsons estimates the total adjustment to the Bechtel proposal for subcontractor fees for the base and option period to be a minimum of \$20.3 million. Tr. at 821.)

These upward adjustments to Bechtel's probable cost required to account for differing approaches with respect to segregating the management and support effort from the environmental restoration effort, and calculating DOE's potential exposure for the payment of fees could amount to up to \$26,686,251 (without consideration of any adjustment for subcontractor fees during the option period). When cost proposals are properly evaluated as provided for under the solicitation, that is, when only offerors' management and support costs and fees are considered, Bechtel's proposed cost totals \$245,461,268 and Parsons' totals \$235,573,512. After considering adjustments for the segregation of costs and the proper calculation of fees, the evaluated cost of Bechtel's proposal could total as much as \$272,147,519 (again, without consideration of any adjustment for subcontractor fees during the option period), that is, 15.5 percent more than Parsons'. Parsons' resulting cost advantage of up to 15.5 percent therefore is substantially

larger than the perceived 3.5 percent advantage--calculated by considering total contract cost, including environmental restoration costs--upon which the SSO stated he based his selection of Bechtel.<sup>3</sup>

It is not evident from the record how Bechtel's identified technical/business management strengths--extremely strong top management, strong personnel throughout the organization and flat organizational structure--would offset a Parsons cost advantage of up to \$36,574,007. As previously discussed, with respect to key people (which accounted for 200 of the 264-point difference in total technical/business management scores), the SEB rated only 2 of Bechtel's top 14 managers more qualified than Parsons' top 14 managers. Further, Parsons, as well as Bechtel, was viewed as having an advantageous flat organization; the SEB noted as strengths the fact that in Parsons' approach the program manager would report directly to the chief executive officer of Parsons, the project division would report directly to the manager, and the area project managers would be the single point of authority for project area activities. In addition, the SEB found the Bechtel and Parsons proposals "equal" with respect to relevant past and comparable firm experience and "basically equal" with respect to program management; it also assigned them equal scores under the evaluation criterion for corporate commitment.

In these circumstances, where Parsons' cost advantage of up to 15.5 percent (\$36,574,007) over Bechtel was 4.4 times greater than the 3.5 percent advantage upon which the SSO based his source selection decision, and Bechtel's technical/business management advantage relative to Parsons does not appear to have been significant, we conclude that the record fails to support the selection of Bechtel under the stated evaluation scheme. We therefore sustain the protest on this basis.

#### WMES PROTEST

WMES challenges the evaluation of its technical/business management proposal. We conclude, however, that DOE reasonably determined it to be substantially less

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<sup>3</sup>Although DOE reiterates the SSO's belief that the ultimate cost to the government of award to Bechtel is likely to be less than the corresponding cost of award to Parsons, as discussed below, the extent of Bechtel's technical superiority relative to Parsons is unclear. In any case, and more significantly, the solicitation provided for consideration of only the management and support costs and fees and the SSO has specifically disavowed any ability to calculate the overall cost of performing the contract.

advantageous than Bechtel's. In this regard, in reviewing a protest against the propriety of an evaluation, it is not our function to independently evaluate proposals and substitute our judgment for that of the agency. See General Servs. Eng'g, Inc., B-245458, Jan. 9, 1992, 92-1 CPD 44. Rather, we will review an evaluation only to assure that it was reasonable and consistent with the RFP evaluation criteria. Id.

Here, DOE found that key WMES personnel possessed less relevant experience than their Bechtel counterparts. While 10 of Bechtel's 14 top managers were rated by the SEB as outstanding and 4 were good, 11 of WMES' 15 top managers were rated as only good, 2 as satisfactory, and only 2 as outstanding. Since WMES is challenging the evaluation of only one of these 15 managers (and one additional employee whose experience was viewed as limited), we have no basis to question DOE's overall conclusion that the qualifications of WMES' proposed key personnel as a whole were less advantageous than the qualifications of Bechtel's key personnel.

In addition, the SEB concluded that, unlike Bechtel, WMES possessed only limited environmental restoration experience at large DOE contiguous sites similar to Hanford. As explained by the agency, large DOE sites such as Hanford pose complex and difficult technological and management challenges as a result of their extensive contamination, highly varied hazardous and mixed-waste contaminants, the presence of such facilities as nuclear reactors, nuclear fuel fabrication and research and development facilities, and plutonium processing facilities, and the need to satisfy multiple environmental statutes and regulatory agencies. Tr. at 180-181. Although WMES cites those portions of its proposal discussing its experience in performing support work as a subcontractor, DOE distinguishes this experience from the more demanding challenge of having overall responsibility for managing an entire program at a large DOE site. Likewise, DOE found WMES' cited experience in managing large construction projects not to be comparable to having responsibility for a large environmental restoration project. Tr. at 398-399, 401-402, 406. We think the agency's determination was reasonable.

DOE also determined that WMES proposed an overly complex organizational structure characterized by a very large number of organizational units and the diffused assignment of responsibility for work in key areas. DOE noted that under WMES' matrix management approach, the area program managers responsible for performing particular projects are required to contract for resources with the managers of the support organizations. Since the program managers would lack control over the support organizations and direct

discussions. The record shows that in discussions DOE asked WMES how its past experience in managing environmental restoration programs was comparable to the requirements of the statement of work. Likewise, with respect to DOE's concern with WMES' diffuse assignment of responsibility for accomplishing work in key areas, the agency asked WMES, "how do you assign and control work? Who resolves resource conflicts?" In our view, these questions were reasonably calculated to lead WMES generally into the area of its proposal requiring amplification, and therefore met the standard for meaningful discussions. See SeaSpace Corp., B-252476.2, June 14, 1993, 93-1 CPD ¶ 462. Further, in its comments on the hearing, WMES challenged the adequacy of discussions with respect to the two managers whose evaluation it questions; it neither questions the technical evaluation nor the adequacy of discussions with respect to the remaining 12 top managers who received lower ratings than Bechtel's managers. In addition, even though provided with the opportunity during the protest to rebut the agency's determination that it possessed only limited environmental restoration experience at large DOE contiguous sites, WMES has been unable to do so.

WMES (and Parsons) contends that in its evaluation of Bechtel's experience DOE failed to consider the results of DOE Inspector General's (DOE IG) investigation of its performance of a subcontract at the Oak Ridge National Laboratory in Oak Ridge, Tennessee. The DOE IG concluded in an April 27, 1993, final report that the environmental data produced by Bechtel was of questionable value for meeting Bechtel's contractual obligation to provide data supporting permanent remedial action.

DOE concedes that the SEB was advised of the DOE IG's tentative conclusions when it contacted Oak Ridge while evaluating Bechtel's BAFO in the period January 4 through January 13, 1993. The agency reports, however, that DOE Oak Ridge officials advised the SEB that they disagreed with the DOE IG's tentative findings and that they, the Environmental Protection Agency and the State of Tennessee had all concluded that the data quality was adequate and sufficient to support remedial action. Indeed, DOE Oak Ridge officials offered a very favorable evaluation of Bechtel's performance at Oak Ridge. In view of the preliminary nature of the DOE IG's conclusions (the DOE IG did not issue an official draft report until March 4), the favorable evaluation of Bechtel's performance received by the SEB, and the fact that the tentative adverse findings concerned only one of many contracts cited by Bechtel in its proposal, we conclude that the SEB reasonably did not significantly downgrade Bechtel's rating under the experience criterion.

WMES, like Parsons, also protests DOE's cost evaluation on the grounds that the agency's most probable cost analysis was incomplete and failed to account for the understatement

of the evaluated costs of Bechtel's management and support effort. While Parsons' evaluated cost proposal was based on 49.5 percent (758,968) more productive labor hours than Bechtel's, WMES' evaluated cost proposal was based on only 11.8 percent (181,249) more productive labor hours. (Likewise, while Parsons included 29 more initial and 34 final quality assurance and environmental safety and health positions in its evaluated management and support effort than did Bechtel, WMES included only 14 initial and 24 final additional positions). More importantly, while Bechtel's technical/business management advantage relative to Parsons appeared limited, and amounted to only 264 evaluation points (4.8 percent), DOE found that Bechtel's proposal offered significant advantages relative to WMES' under 3 of the 4 technical/business management criteria, amounting to a 799-point (16.2 percent) advantage.

We conclude that, given Bechtel's significant advantage under the technical/business management factor, the most important evaluation factor, the likely increase in the evaluated cost of Bechtel's proposal necessary to assure the evaluation of cost proposals on a comparable basis would not be sufficient to give WMES a reasonable chance for award. We therefore do not think the defective cost evaluation prejudiced WMES.

#### RECOMMENDATION

Accordingly, Parsons' protest is sustained, and WMES' protest is denied. We recommend that DOE reevaluate the Parsons and Bechtel proposals to determine the most probable cost to the government for management and support costs and fees, taking into account any differences in approach between the offerors so as to assure that proposals are evaluated on a comparable basis. If this is not possible with the information now available to the agency, we recommend that it revise the solicitation if necessary, conduct discussions with the 3 offerors, and then request revised proposals. Further, Parsons is entitled to reimbursement of its protest costs, including reasonable attorneys' fees. 4 C.F.R. § 21.6(d). In accordance with 4 C.F.R. § 21.6(f)(1), Parsons should file its claim for costs, detailing and certifying the time expended and costs incurred, within 60 days after receipt of the decision since failure to file the claim within that time shall result in forfeiture of its right to recover costs.

Comptroller General  
of the United States